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Item 18(a) of the provisional agenda
Administrative, financial and institutional matters
Audited financial statements for the biennium 2012–2013

Report of the United Nations Board of Auditors

Note by the Executive Secretary

1. The financial procedures for the Conference of the Parties, its subsidiary bodies and the secretariat require that a final audited statement of accounts for the full financial period be provided to the Conference of the Parties as soon as possible after the accounts for the financial period are closed. They also stipulate that the accounts and financial management of all funds governed by these financial procedures shall be subject to the internal and external audit process of the United Nations.[1]

2. The United Nations Board of Auditors has audited the financial statements for the biennium 2012–2013. The full text of the Board's report is included in the annex and reproduced as received, without formal editing and with the original pagination. The secretariat's response to the audit recommendations has been issued as addendum I to this document.

3. The Subsidiary Body for Implementation is invited to take note of the information contained in the audited financial statements and the report of the Board. It may also wish to propose appropriate actions, which may be included in draft decisions on administrative and financial matters for adoption by the Conference of the Parties at its twentieth session and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session.

[1] Decision 15/CP.1, annex I, paragraphs 18 and 19.

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Annex

United Nations

Report of the United Nations Board of Auditors

on the financial statements of the

United Nations Framework Convention on Climate Change

for the biennium ended 31 December 2013

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Chapter I

Report of the United Nations Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations Framework Convention on Climate Change (UNFCCC) for the biennium ended 31 December 2013, which comprise the statement of income, expenditure and changes in reserves and fund balances (Statement I), the statement of assets, liabilities and reserves and fund balances (Statement II), the statement of cash flow (Statement III), the statement of appropriations for the biennium then ended (Statement IV), and the schedules and explanatory notes thereto.

Management's responsibility for the financial statements

The Executive Secretary of UNFCCC is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as management deems necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations Framework Convention on Climate Change as at 31 December 2013 and its financial performance and cash flows for the biennium then ended in accordance with the United Nations System Accounting Standards.

Report on Other Legal and Regulatory Requirements

Further to our opinion, the transactions of the United Nations Framework Convention on Climate Change that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations Framework Convention on Climate Change.

Sir Amyas C. E. **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland
(Chair of the United Nations Board of Auditors)

Liu Jiayi
Auditor-General of the People's Republic of China
(Lead Auditor)

Mr. Ludovick S. L. **Utouh**
Controller and Auditor-General of the United Republic of Tanzania

30 June 2014

Chapter II

Report of the Board of Auditors (Long-form report)

Summary

The Board of Auditors (the Board) has audited the financial statements and reviewed the operations of the United Nations Framework Convention on Climate Change (UNFCCC) for the biennium ended 31 December 2013. The audit was carried out at UNFCCC's headquarters in Bonn, Germany.

Audit opinion

The Board issued an unqualified opinion on the financial statements for the period under review, as reflected in Chapter I.

Overall conclusion

For the biennium 2012-2013, total income amounted to $296 million while total expenditures amounted to $226 million, giving an excess of income over expenditure by $70 million. The assets totalled $296 million, while the total liabilities were $78 million as at 31 December 2013, giving reserves and fund balances of $218 million.

During the period under review, UNFCCC continued its efforts to maintain sound internal control, enhance accountabilities and promote good governance structures. The Board noted UNFCCC took measures to address our concerns on the establishment of accounting policies, risk register and benefits realization plan for preparation of IPSAS implementation. However, the Board also identified some key deficiencies, in particular, delays in the preparation of IPSAS opening balance, deficiencies in the management of non-expendable property, and in recruitments which may in need of further improvement in the future.

Key findings

Implementation of International Public Sector Accounting Standards (IPSAS)

UNFCCC, along with other UN agencies, planned to adopt IPSAS in 2014. However, the preparations of opening balance are currently behind schedule, including delays in clarity on income recognition, delayed classification of unliquidated obligations and prepayment, and delays in asset capitalization. The Board is concerned that there might be risks of delayed implementation of IPSAS due to the uncompleted opening balance preparation and possible unforeseen challenges that may happen.

Non-expendable property management

As at 31 December 2013, non-expendable property (NEP) in UNFCCC amounted to $12.5 million. The Board noted deficiencies in relation to the management of ICT equipment such as incomplete records and delayed reconciliation of inventory records. As a result, it is hard to achieve efficient control and utilization of property, and may also negatively impact the preparation of IPSAS opening balance.

Human resource management

Management were unable to provide us with sufficient evidence that the recruitment had been conducted in a transparent and fair manner. The review of a sample of 13 recruitments (23 per cent of total) revealed that eligible candidates were eliminated from interview without any written justification, and staff was recruited who did not seem to be the best candidates while there was no written record of how the decisions had been made.

Recommendations

The Board has made a number of recommendations based on its audit. The main recommendations are that UNFCCC:

(a) Strengthen the management and monitoring of the IPSAS roll-out and take immediate action to address the current delays to recover lost time;

(b) Enhance the assets management through completing the records of assets and expediting verifications and reconciliations of inventory records; and

(c) Adhere to the improved Standard Operating Procedure to ensure all

recruitments are conducted in a transparency and fair manner, and the recruitment process is properly documented.

Follow-up of previous recommendations

Of the nine recommendations made for the biennium 2010-2011, five (56 per cent) were fully implemented; one (11 per cent) was over taken by events; and three (33 per cent) were under implementation. The Board encourages the Administration to make further efforts to expedite the implementation of all outstanding recommendations.

A. Mandate, scope and methodology

1. The United Nations Framework Convention on Climate Change (UNFCCC), with 195 member parties, is an international environmental treaty, which aims to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The work under the UNFCCC is facilitated and supported by its secretariat located in Bonn, Germany. The secretariat is institutionally linked to the United Nations without being integrated in any programme, and administered under United Nations Rules and Regulations.

2. The Board of Auditors (the Board) has audited the financial statements of the United Nations Framework Convention on Climate Change (UNFCCC) and has reviewed its operations for the financial biennium from 1 January 2012 to 31 December 2013 in accordance with General Assembly (GA) resolution 74 (I) of 1946. The audit was conducted in conformity with Article VII of the Financial Regulations and Rules of the United Nations (UNFRR) and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the UNFCCC as at 31 December 2013 and the results of its operations and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing

bodies and whether income and expenditures had been properly classified and recorded in accordance with the United Nations Financial Regulations and Rules and financial procedures approved by the Conference of the Parties (COP) in Decision 15/CP.1. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the UNFCCC operations under UN financial regulation 7.5. This allows the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, and the internal financial controls and, in general, the administration and management of the UNFCCC operations. The Board also followed up on its previous recommendations and these matters are addressed in the relevant sections of this report.

5. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the COP. The Board's observations and conclusions were discussed with the UNFCCC management, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

6. Of the nine recommendations made for the biennium 2010-2011, five (56 per cent) were fully implemented; one (11 per cent) was over taken by events; and three (33 per cent) were under implementation. This implementation rate shows a decrease compared to the previous biennium (2008-2009), when 70 per cent of the

recommendations were fully implemented and 30 per cent were under implementation. Details of the status of implementation are presented in the Annex.

7. In previous years, the Board recommended UNFCCC formalise the agreement with UN Treasury for its deposit in the UN investment pool. Following the Board's recommendation, UNFCCC negotiated with UN Treasury, and was provided with a proposed investment agreement which would absolve UN Treasury of all responsibility for loss of UNFCCC's funds. Further consulting with its Legal Affairs, UNFCCC was advised that the existing UNFCCC/UN Financial Rules and Regulations do have some protection for UNFCCC against loss of funds managed by the UN Treasury. After receiving this advice, UNFCCC management decided that it was unnecessary to formalize an agreement with UN. The Board understood that it is management's responsibility to choose the appropriate way to manage risks. This being said, the Board considers this recommendation had been overtaken by events.

2. Financial overview and management

8. The total income for the biennium under review was $296 million while total expenditures amounted to $226 million, resulting in an excess of income over expenditure by $70 million. The assets totalled $296 million, while total liabilities amounted to $78 million as at 31 December 2013, giving reserves and fund balances of $218 million.

9. Of the total assets, $276 million consisted of cash or cash equivalents deposited in the United Nations Office at Geneva (UNOG) cash pool which was in turn invested by the UN Treasury in New York. Of the $276 million cash assets, some $189 million came from the accumulated net Trust Fund of Clean Development Mechanism (CDM).

10. Following the Board's recommendation, UNFCCC enhanced the disclosure of the CDM loan Scheme, the status of the assets and the relationship between UNFCCC and the Green Climate Fund in the financial statements. Overall, the Board found no evidence of any material misstatements, and issued an unqualified opinion on the financial statements for the biennium under review while the Board would like to draw the COP's attention to the following issues.

11. The Board noted that, as at 31 December 2013, there was an outstanding balance of $84,000 for the sessions of COP 16th, which was held in Cancun, Mexico in 2010. This balance was an amount withheld from reimbursement pending settlement of all outstanding obligations, but no additional charges have been recorded against this account.

12. In addition, there was another outstanding balance of $684,000 for the session of COP17th, which was held in Durban, South Africa in 2011. UNFCCC explained that the balance was primarily due to inability to obtain a report of expenditures incurred for the procurement of the audio visual system equipment and related technical support/services from the Government of South Africa.

13. The Board recommends that UNFCCC expedite the settlement of the outstanding balance of the accounts.

3. Progress towards the implementation of International Public Sector Accounting Standards (IPSAS)

14. The General Assembly, in its resolution 60/283, approved the adoption of IPSAS for the presentation of the financial statements within the United Nations system. UNFCCC decided to adopt IPSAS in 2014 following the timeline of the UN Secretariat. In preparation for the implementation of IPSAS, UNFCCC had an eight-year implementation plan that was adjusted during the biennium 2012-2013. It

also set up a budget of $578,200 for the IPSAS project covering the years 2014 to 2015. Furthermore, UNFCCC had developed and approved 12 IPSAS accounting policies based on its specialities, in addition to a risk register and benefits realization plan for IPSAS implementation.

15. Although some progress has been made for the IPSAS implementation, at the date of audit in April 2014, UNFCCC were behind schedule in the preparation of opening balance, including delays in clarity on income recognition, classification of unliquidated obligations and prepayment, and asset capitalization.

16. UNFCCC stated that they were fully aware of the efforts required to make up for lost time, and had set an internal deadline for completion of the opening balance adjustment for 30 June 2014 which was ahead of the planned schedule by UNOG. This allows time to fully implement IPSAS and manage any emerging risks or issues.

17. Notwithstanding Management confidence, the Board is concerned that there might be risks of delayed implementation of IPSAS due to the uncompleted opening balance preparation and possible unforeseen challenges that may happen.

18. The Board recommends that UNFCCC strengthen the management and monitoring of the IPSAS roll-out and take immediate action to address the current delays to recover lost time.

4. Non-expendable property management

19. As of the end of 2013, total non-expendable property (NEP) in UNFCCC amounted to $12.5 million which comprises $6.36 million of ICT equipment, $4.49 million of software and $1.65 million of other NEP items. The Board examined the management of NEP and noted the following deficiencies:

- ***Obsolete software.*** There was $1.83 million of obsolete software which were acquired over 5 years ago but had not been written off. The Board had previously recommended that UNFCCC establish a mechanism to regularly identify and write off obsolete software. The Board was informed that UNFCCC had not finalized the Standard Operating Procedure of IT Property Management until 24 April 2014. The Board is of the view that writing off obsolete software in a timely manner could ensure the fair value of the assets disclosed in the financial statements.

- ***Deficiencies in ICT equipment management.*** According to the ICT Inventory Report dated 15 January 2014, the organisation held a total of 5,182 items of ICT assets with a total value of $6.36 million. The Board noted absence of key information for those ICT equipment items. For example, purchase price for 144 items and purchase orders numbers for 28 items were not recorded, and there were no tags or labels for 403 items. Furthermore, the ICT Inventory Report showed that 1083 items with a total value of $1.35 million were marked as "cannot-be-verified" or "missing" or with blank-comment. UNFCCC explained that the latest physical inventory had been conducted by an independent external company, and that re-verification and reconciliation was still in progress.

20. The Board is concerned that insufficient NEP management and delayed reconciliations would negatively impact the management and utilization of property, and further may affect the preparation of IPSAS opening balance.

21. The Board reiterates its previous recommendation that UNFCCC expedite write-off process for obsolete software.

22. The Board recommends that UNFCCC enhance the assets management through completing the records of assets and expediting verifications and reconciliations of inventory records.

5. Results based budgeting

23. Results based budgeting aims to directly connect resource allocation to specific, measurable results and thereby use budgets to drive progress and leverage accountability. An essential element of RBB is that all outputs are allocated on the basis of a well-evidenced estimated cost from the outset.

24. The Board reviewed the budget performance reports of UNFCCC and noted that: (a) the objectives and expected results were often not linked to resource requirements; and (b) not all the expected results had a clear baseline or target, and only a minority of indicators of expected results were set in a SMART[1] manner.

25. Clear linkage between the objectives and resources requirement and a measurable target of each objective is necessary to provide stakeholders with a comprehensive view to assess whether the expected results were realized or the allocated resources were sufficient, and it will further direct the budget review of the following period.

26. The Board recommends that UNFCCC link expected results and required resources closely and sets SMART targets for all indicators.

6. Human resources management

27. UNFCCC recruitment policies state that all eligible candidates should be evaluated and a short list of candidates should be invited for further assessment. The

[1] SMART objectives are those that are Specific, Measurable, Attainable, Relevant, Time-bound.

head of programme's recommendation for any appointment should be supported by the recommendation of the Review Board.

28. The Board sampled 13 recruitment cases (56 cases in total) completed in the year 2013 and noted that:

- In three cases, only some of the eligible candidates received interviews, and there was no documentation supporting the elimination of the other eligible candidates. In one of the three cases, the interview panel recommended one candidate who did not get the highest score without any written justification.
- In one case, the interview panel recommended one candidate who did not reach the pass mark of the written test. The Review Board expressed its doubts about the due competitive process and selection criteria. However, the candidate was eventually recruited without any convincing written explanation.

29. A lack of recorded evidence of verification may negatively impact the transparency, competitiveness and fairness of the recruitment process.

30. Management explained that each of the cases reviewed by the Board was completed prior to November 2013, when an improved Standard Operating Procedure (SOP) was introduced to address various recruitment and selection issues which were not fully described in the earlier version.

31. The Board recommends that UNFCCC adhere to the improved SOP to ensure all recruitments are conducted in a transparency and fair manner, and the recruitment process is properly documented.

C. Disclosures by management

32. Management reported to the Board that, except one write-off of a travel advance (below $10,000), there were no write-offs of losses of assets, ex gratia payments or causes of fraud or presumptive fraud in UNFCCC during the biennium 2012-2013.

D. Acknowledgement

33. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Secretary and the UNFCCC staff.

Sir Amyas C. E. **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland
(Chair of the United Nations Board of Auditors)

Liu Jiayi
Auditor-General of the People's Republic of China
(Lead Auditor)

Mr. Ludovick S. L. **Utouh**
Controller and Auditor-General of the United Republic of Tanzania

30 June 2014

Annex I

Status of implementation of recommendations for the biennium ended 31 December 2011

	Summary of recommendation	Paragraph Reference	Financial period first made	Implemented	Under implementation	Not implemented	Overtaken by events
1	Expedite the process of the IPSAS implementation	Par. 14.	Board Report 2010/2011		X		
2	Formalize an agreement with UN Treasury for its deposit in the investment pool.	Par. 16.	Board Report 2008/2009				X
3	Conduct the disposal of ICT equipment on a more frequent and regular basis to maximize the values obtained from its disposals	Par. 22.	Board Report 2010/2011		X		
4	(a) ensure any new purchased software to be in align with its information technology strategy; (b) establish a mechanism to regularly identify and write off the obsolete software to ensure the accuracy of its NBP	Par. 26.	Board Report 2010/2011		X		
5	Expedite the write-off process and eliminate the discrepancies between the records in the finance section and the inventory tracking system in the next biennium.	Par. 30.	Board Report 2010/2011	X			

6	Widen the geugraphical distribution of vendors and suppliers, to ensure, to the extent possible, more effective international competition and the best interests of UNFCCC	Par. 34	Board Report 2010/2011	X			
7	Ensure the generic specifications are used in requisitions in accordance with the requirements of the United Nations Procurement Manual	Par. 36.	Board Report 2010/2011,	X			
8	Develop an official guideline on the principles of accepting meeting invitations.	Par. 40	Board Report 2010/2011,	X			
9	Take measures to ensure the Mission Reports are submitted in a timely manner.	Par. 43.	Board Report 2010/2011,	X			
Total				5	3	0	1
Percentage				56	33		11

Annex II

Audited Financial Statements for the biennium 2012-2013 ending 31 December 2013

Audited Financial Statements

for the biennium 2012-2013

ending 31 December 2013

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United Nations

Framework Convention on Climate Change

I. Certification of the Audited Financial Statements

1. The financial statements of the United Nations Framework Convention on Climate Change (UNFCCC) for the biennium ending 31 December 2013 have been prepared in accordance with Financial rule 106.10. They include all trust funds and special accounts operated by UNFCCC.

2. A summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information and clarification of the financial activities undertaken by UNFCCC during the period covered by the statements, for which the Executive Secretary had administrative responsibility.

3. I certify that the appended financial statements of the United Nations Framework Convention on Climate Change for the biennium ending 31 December 2013 are correct.

(signed)

Christiana Figueres
Executive Secretary
31 March 2014

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II. Report of the United Nations Board of Auditors to the Conference of the Parties on the financial statements of the United Nations Framework Convention on Climate Change for the biennium ended 31 December 2013

[To be added by the external auditors after completion of their audit]

III. Narrative financial report

A. Introduction

4. The United Nations Framework Convention on Climate Change (UNFCCC or subject herewith the financial statements for the biennium 2012-2013 ending 31 December 2013. The report is presented in accordance with the financial procedures of the Conference of the Parties (COP), its subsidiary bodies and its secretariat as well as the United Nations System Accounting Standards[1].

5. The objective of the financial statements is to provide information about the financial position and performance of the organization, changes in its financial position and compliance with legislative and other authorities. The attached financial statements include:

- Financial highlights in summary
- Statement of income and expenditure, changes in reserves and fund balances (Statement I);
- Statement of assets, liabilities and reserves and fund balances (Statement II);
- Statement of cash flow (Statement III);
- Statement or schedule of appropriations by programme (Statement IV);
- Notes to the financial statements;
- Detailed schedule on status of outstanding indicative contributions
- Annexes to the financial statements.

[1] Decision 15/CP.1 of 7 April 1995.
[2] United Nations System Accounting Standards Revision IX in February 2010

B. Financial highlights

1. Overall financial results and trends

8. The following section provides an overview of the performance of UNFCCC. The overall results and trends are expressed in millions of United States dollars and the individual Trust Funds are expressed in thousands of United States dollars.

Table 1 - UNFCCC consolidated total income
(millions of United States dollars)

	2010-2011	2012-2013	Change between 2010-2011 and 2012-2013	
Indicative contributions	65.2	66.2	1.0	2%
Voluntary contributions	74.1	60.5	(13.6)	-18%
CDM share of proceeds and fees	106.8	133.0	26.2	25%
Other income	6.0	6.9	0.9	15%
Total income	**252.1**	**295.8**	**43.5**	**17%**

Table 2 - UNFCCC consolidated total expenditure and programme support costs
(millions of United States dollars)

	2010-2011	2012-2013	Change between 2010-2011 and 2012-2013	
Staff and other personnel costs	118.6	132.4	13.8	12%
Other direct expenditure	103.5	93.0	(10.5)	-10%
Total direct expenditure	**222.1**	**225.4**	**3.3**	**1%**
Programme support costs	**21.4**	**21.9**	**0.5**	**2%**

Table 3 - UNFCCC consolidated assets, liabilities and fund balances
(millions of United States dollars)

	2010-2011	2012-2013	Change between 2010-2011 and 2012-2013	
Cash and term deposits	190.0	276.7	86.7	46%
Accounts receivable and other assets	17.1	19.3	2.2	13%
Unliquidated obligations	(10.1)	(11.7)	1.6	16%
Other liabilities (analysed below)	(42.7)	(62.4)	(19.7)	46%
Operating and working capital reserves	(43.9)	(43.5)	0.4	-1%
Overall cumulative surplus	**87.4**	**168.4**	**81.0**	**93%**
Analysis of other liabilities:				
End of service and post retirement	36.9	56.8	19.9	54%
Contributions received in advance	4.3	2.4	(1.9)	-44%
Other accounts payable	1.5	2.8	1.3	87%
Total other liabilities	42.7	62.4	19.7	46%

2. Trust Fund for the Core Budget of the UNFCCC

7. **Objective of the Fund**: The Trust Fund for the Core Budget of the UNFCCC supports the core functions of the secretariat. The main source of income are mandatory contributions by the Parties based on the United Nations scale of assessment.

Table 4 - Summary accounts for the Trust Fund for the core budget
(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Increase or decrease
Income and expenditure			
Total income	51 626	61 189	9 563
Total direct expenditure	(50 978)	(59 867)	(8 889)
Programme support costs	(6 643)	(7 726)	(1 083)
Excess of income over expenditure	**648**	**(4 404)**	**(5 052)**
Assets, liabilities and fund balances			
Cash and short-term deposits	14 796	10 576	(4 220)
Other assets	4 319	8 162	3 843
Unliquidated obligations	(7 394)	(8 606)	(1 212)
Other liabilities	(5 724)	(4 221)	1 503
Working capital reserve	(7 969)	(7 702)	267
Cumulative surplus	**9 568**	**8 168**	**(1 400)**

3. Trust Fund for Participation in the UNFCCC Process

8. **Objective of the Fund**: The Trust Fund for Participation in the UNFCCC Process supports participation of representatives from eligible developing country Parties and Parties with economies in transition in the sessions of the COP and its subsidiary bodies, using voluntary contributions.

Table 5 - Summary accounts for the Trust Fund for the Participation in the UNFCCC process
(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Increase or decrease
Income and expenditure			
Total income	14 840	9 867	(4 973)
Total direct expenditure	(13 375)	(9 204)	3 971
Programme support costs	(1 962)	(1 267)	695
Excess of income over expenditure	**3**	**(604)**	**(607)**
Assets, liabilities and fund balances			
Cash and short-term deposits	5 126	4 826	(300)
Other assets	82	109	27
Unliquidated obligations	(1 599)	(1 751)	84
Other liabilities	(11)	(146)	(135)
Operating reserve	(673)	(452)	221
Cumulative surplus	**4 448**	**4 586**	**(142)**

4. Trust Fund for Supplementary Activities

9. **Objective of the Fund**. The Trust Fund for Supplementary Activities supports mandated activities for which assessments are not made under the core budget. Funds are contributed voluntarily by Parties.

Table 6 : Summary accounts for the Trust Fund for supplementary activities

(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Increase or decrease
Income and expenditure			
Total income	44 944	50 261	5 317
Total direct expenditure	(37 877)	(31 523)	6 354
Programme support costs	(4 901)	(3 993)	878
Excess of income over expenditure	**2 966**	**14 755**	**12 189**
Assets, liabilities and fund balances			
Cash and short-term deposits	28 132	43 951	15 819
Other assets	7 221	999	(6 222)
Unliquidated obligations	(8 764)	(2 103)	6 661
Other liabilities	(158)	(1 633)	(1 475)
Operating reserve	(3 699)	(5 799)	(2 100)
Cumulative surplus	**22 836**	**89 684**	**16 768**

5. Trust Fund for the Clean Development Mechanism

10. **Objective of the Fund**. The Trust Fund for the Clean Development Mechanism supports the administration of the clean development mechanism. It enables Annex I Parties to meet their emission limitation and reduction commitments by using certified emission reductions (CERs) generated from CDM projects. It receives shares of proceeds from CDM projects and fees related to the management of CDM activities.

Table 7 : Summary accounts for the Trust Fund for Clean Development Mechanism

(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Increase or decrease
Income and expenditure			
Total income	109 887	148 293	41 476
Total direct expenditure	(58 868)	(65 268)	(6 400)
Programme support costs	(7 280)	(8 438)	(1 158)
Excess of income over expenditure	**40 699**	**74 647**	**33 948**
Assets, liabilities and fund balances			
Cash and short-term deposits	119 607	188 660	69 053
Other assets	7 630	7 730	100
Unliquidated obligations	(2 613)	(2 113)	500
Other liabilities	(1 470)	(1 376)	94
Operating reserve	(47 880)	(47 888)	(8)
Cumulative surplus	**74 283**	**148 943**	**74 738**

6. **Trust Fund for the International Transaction Log**

13. **Objective of the Fund**. The Conference of the Parties serving as the meeting of the parties to the Kyoto Protocol (CMP), by its decision 13/CMP.1, in 2005, requested the secretariat to establish and maintain the ITL to verify the validity of transactions undertaken by national registries of Annex B Parties and CDM registry. The ITL takes a central role between registries and is an essential component of the settlement infrastructure for emission trading under the Kyoto Protocol. The Trust Fund for the International Transaction Log covers the recurrent expenditures for activities assigned to the ITL administrator. The income is drawn from indicative contributions based on a scale of assessments.

Table 8 - Summary accounts for the Trust Fund for the International Transaction Log

(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Increase or (decrease)
Income and expenditure			
Total income	8 521	7 514	(1 007)
Total direct expenditure	(5 900)	(4 690)	1 210
Programme support costs	(795)	(668)	127
Excess of income over expenditure	**1 826**	**2 256**	**430**
Assets, liabilities and fund balances			
Cash and short-term deposits	6 964	8 136	1 172
Other assets	50	55	5
Unliquidated obligations	(1 524)	(1 994)	(470)
Other liabilities	(1 865)	(1 023)	842
Operating reserve	(1 125)	(1 311)	(186)
Cumulative surplus	**4 700**	**7 034**	**2 334**

7. **Trust Fund for the Special Annual Contribution from the Government of Germany**

13. **Objective of the Fund**. The Trust Fund for the Special Annual Contribution from the Government of Germany (the Bonn Fund) is used to finance the logistical arrangements of events taking place in Germany, including workshops and the sessions of the subsidiary bodies.

Table 9 - Summary accounts for the Trust Fund for Special Annual Contribution from the Government of Germany

(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Variance over biennium
Income and expenditure			
Total income	4 859	4 760	(101)
Total direct expenditure	(4 459)	(4 197)	258
Programme support costs	(576)	(542)	36
Excess of income over expenditure	**(176)**	**94**	**193**
Assets, liabilities and fund balances			
Cash and short-term deposits	243	315	72
Other assets	90	35	(55)
Unliquidated obligations	(27)	(22)	5
Other liabilities	0	0	0
Operating reserve	(300)	(300)	0
Cumulative surplus	**(24)**	**28**	**52**

8. **Programme support costs**

13. **Objective of the Special Account**. This account is used to manage the overhead charges payable on all trust funds of the UNFCCC to cover costs relating to administrative services.

Table 10 - Summary accounts for programme support costs account

(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Variance over biennium
Income and expenditure			
Total income	22 417	22 839	422
Total direct expenditure	(19 918)	(20 489)	(911)
Excess of income over expenditure	**2 499**	**2 830**	**331**
Assets, liabilities and fund balances			
Cash and short-term deposits	13 247	16 254	3 007
Other assets	759	674	(85)
Unliquidated obligations	(453)	(636)	(183)
Other liabilities	(46)	(138)	(92)
Operating reserve	(5 479)	(2 917)	3 462
Cumulative surplus	**7 838**	**14 167**	**6 329**

9. **Conference and other recoverable costs**

14. **Objective of the Special Account**. Income and expenditure under this special account is principally in respect to costs associated with the hosting of Conferences of the Parties under the host country agreement. Balances on this account after closure of the events and finalization of the accounts are refunded to the host country in line with the host country agreements. An administrative charge of 5 per cent of the total expenditure per activity is applied to cover administrative overheads and is transferred upon the closure of the respective activities.

Table 11 - Summary accounts for conference and other recoverable costs account

(thousands of United States dollars)

Summary financial position	2010-2011	2012-2013	Increase in (decrease)
Income and expenditure			
Total income	(11,629)	(12,949)	(1,320)
Total direct expenditure	(11,095)	(11,808)	(713)
Excess of income over expenditure	**534**	**1,141**	**607**
Assets, liabilities and fund balances			
Cash and short-term deposits	1,750	1,968	(818)
Other assets	2,858	1,922	(936)
Unliquidated obligations	(9,125)	(2,467)	656
Other liabilities	(443)	(1,024)	(581)
Cumulative surplus	**660**	**2,399**	**1,739**

IV. Financial Statements for the Biennium 2012-2013

A. Statement I

Statement of income and expenditure and changes in reserves and fund balances for the biennium 2012-2013 ending 31 December 2013

(Thousands of United States dollars)

INCOME						
Subscriptions/dues	58 134				7 267	
Publications/sales	7 406	4 797	19 976	31	37	4 777
Programme support – extrabudgetary						
Other income						
Gifts and donations			7 040	141 851		
Interest income	337	56	668	1 135	331	84
Exchange rate gain/(loss)	115	28	197		1	1
TOTAL INCOME	81 237	5 587	59 241	143 293	7 514	4 788
EXPENDITURE						
Staff costs (Professional and above)	40 482		16 427	40 482	1 501	1 440
Consultants	3 961		4 109	1 825	44	7
Experts	1 774		3 438	1 780		
Travel	1 965	1 241	1 898	4 247	37	171
Contractual services	3 420		3 703	1 977	2 406	1
Operating expenses	1 491	17	4 419	1 921	211	2 511
Acquisitions	374		56	924		1
Other programme costs	1 797		3 139	787		17
Reimbursable overhead allocations	1 195	1 195	1 195	1 867	1 867	11
Total direct expenditure	55 617	2 264	31 533	65 208	4 656	4 152
Programme support costs	7 175	1 102	3 992	9 178	660	563
TOTAL EXPENDITURE	62 792	26 171	35 526	74 445	5 316	4 716
Exchange rate gain/loss						
NET EXCESS/SHORTFALL OF INCOME OVER EXPENDITURE	18 445	5 861	14 715	74 447	2 198	72
RESERVES AND FUND BALANCES						
As at 1 January 2012	13 013	3 133	36 519	116 781	5 054	1 991
Prior-year adjustments			1 220	1 913		
Restated balance						1 991
Savings on prior-year liabilities	277	120	1 045	356	13	72
Net income/(shortfall) of income over expenditure	18 445	5 861	14 715	74 447	2 198	72
RESERVES & FUND BALANCES AS AT 31 DECEMBER 2013	31 735	9 117	53 501	193 497	7 265	2 135

STATEMENT (continued)

INCOME						
				68 721		68 721
				69 696		74 271
				193 630		196 847
				3 471		4 395
				3 863		3 863
TOTAL INCOME						
EXPENDITURE						
Total direct expenditure						
TOTAL EXPENDITURE						
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE						
RESERVES AND FUND BALANCES						
RESERVES & FUND BALANCES AS AT 31 DECEMBER 2013						

a The accompanying notes are an integral part of the financial statements.
b Programme Support Costs income under the work
scheme have been netted off with the expenditure.

B. Statement II

Statement of assets, liabilities, reserves and fund balances for the biennium 2012-2013 as at 31 December 2013

(Thousands of United States dollars)

ASSETS						
TOTAL ASSETS						
LIABILITIES						
TOTAL LIABILITIES						
RESERVES AND FUND BALANCES						
TOTAL RESERVES AND FUND BALANCES						
TOTAL LIABILITIES, RESERVES AND FUND BALANCES						

STATEMENT B continued

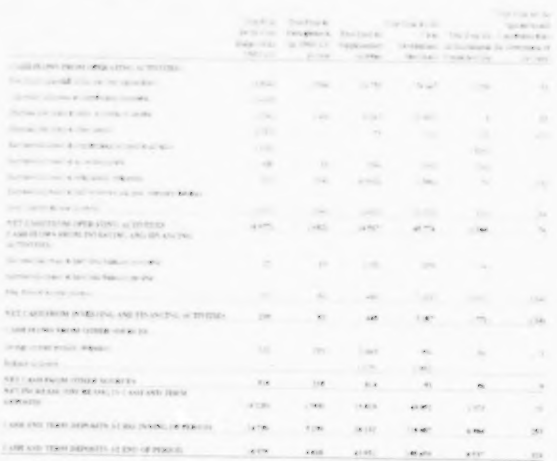
ASSETS					
TOTAL ASSETS					
LIABILITIES					
TOTAL LIABILITIES					
RESERVES AND FUND BALANCES					
TOTAL RESERVES AND FUND BALANCES					
TOTAL LIABILITIES, RESERVES AND FUND BALANCES					

The accompanying notes are an integral part of the financial statements.

5. Statement III

Statement of cash flow for the biennium 2012-2013 ending 31 December 2013

(Thousands of United States dollars)



STATEMENT D – continued

CASH FLOWS FROM OPERATING ACTIVITIES					
NET CASH FROM OPERATING ACTIVITIES					
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES					
NET CASH FROM INVESTING AND FINANCING ACTIVITIES					
CASH FLOWS FROM OTHER SOURCES					
NET CASH FROM OTHER SOURCES					
NET INCREASE (DECREASE) IN CASH AND ITEM DEPOSITS					
CASH AND ITEM DEPOSITS AT BEGINNING OF PERIOD					
CASH AND ITEM DEPOSITS AT END OF PERIOD					

1 The accompanying notes form an integral part of the financial statements

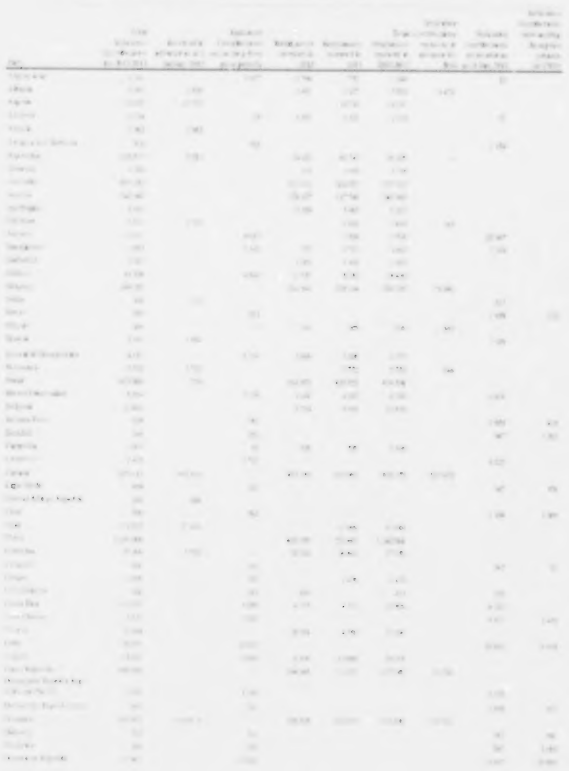
D Statement IV
The Core budget: statement of appropriations for the biennium 2012-2013 ending 31 December 2013

(Thousands of euros)

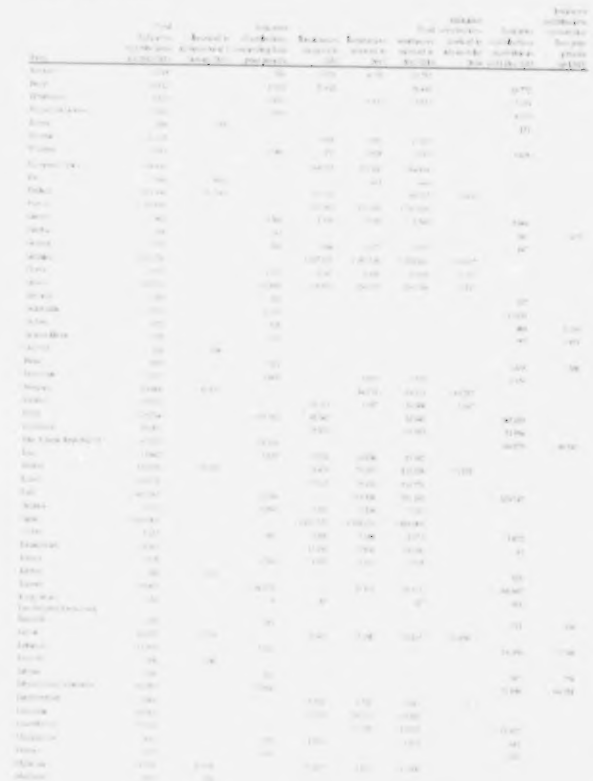
	Expenditure					
	Approved Budget	Indirect costs	Unliquidated obligations at 31/12/13	Total expenditure	Balance	Percentage of expenditure over budget
Programme appropriations						
[illegible]	4 372	438	22	4 394	(22)	99%
[illegible]	10 150	1 015	856	10 158	(8)	100%
[illegible]	5 448	545	34	5 451	(3)	100%
[illegible]	3 474	348	35	3 383	91	97%
[illegible]	1 550	155	2	1 466	84	95%
[illegible]	2 713	271	23	2 158	555	80%
[illegible]	3 187	319	91	2 919	268	92%
[illegible]	1 437	144	46	1 537	(100)	107%
[illegible]	3 540	354	80	3 854	(314)	109%
[illegible]	6 229	623	95	6 747	(518)	108%
[illegible]	(1 151)				(1 151)	
[illegible]	41 759	4 812	1 433	41 518	241	99%

8. Schedule I.1

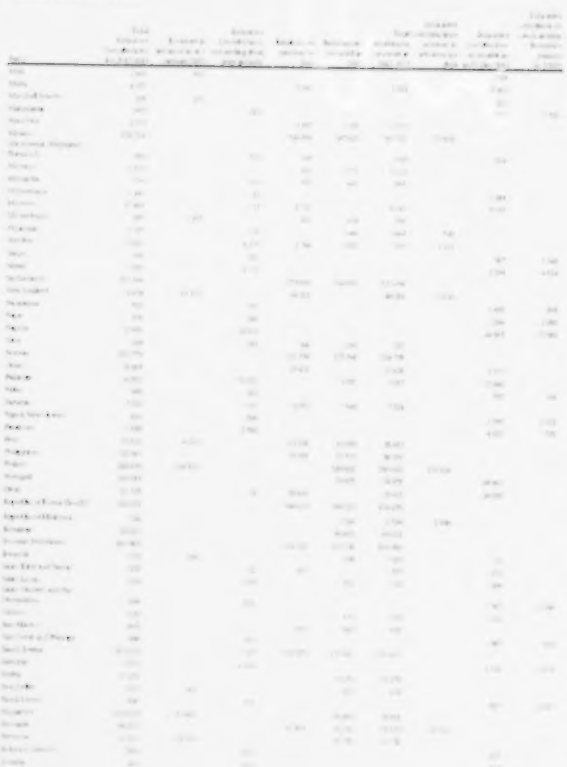
Status of indicative contributions to the Convention for the biennium 2012-2013 as at 31 December 2013 (in Euro unless otherwise indicated)



Schedule 13 (continued)



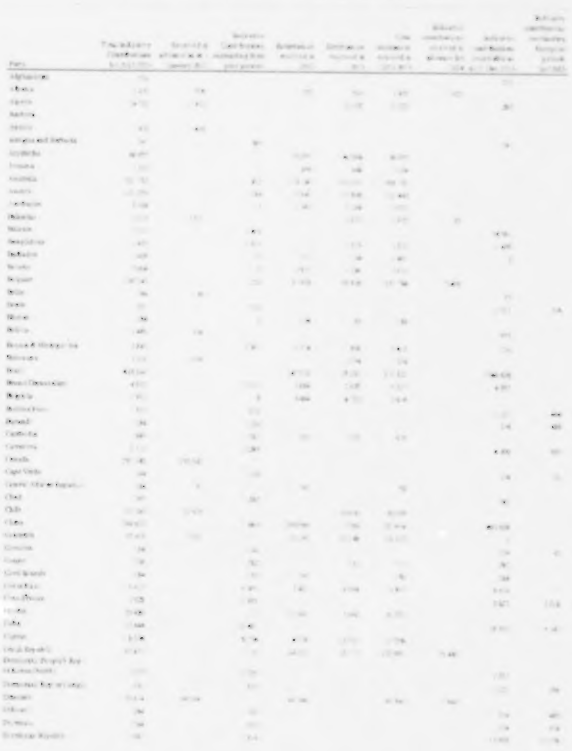
Schedule 1.1 (continued)



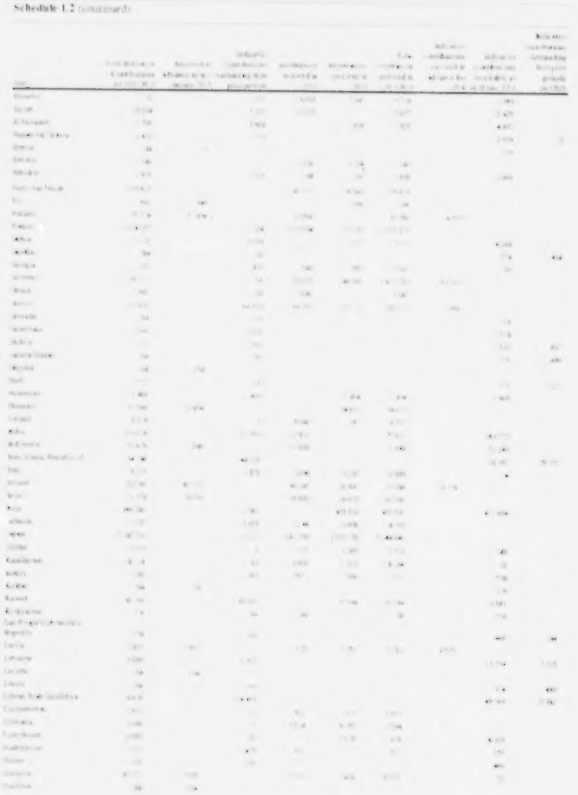
Schedule 1.1 (continued)

F. Schedule 1.2

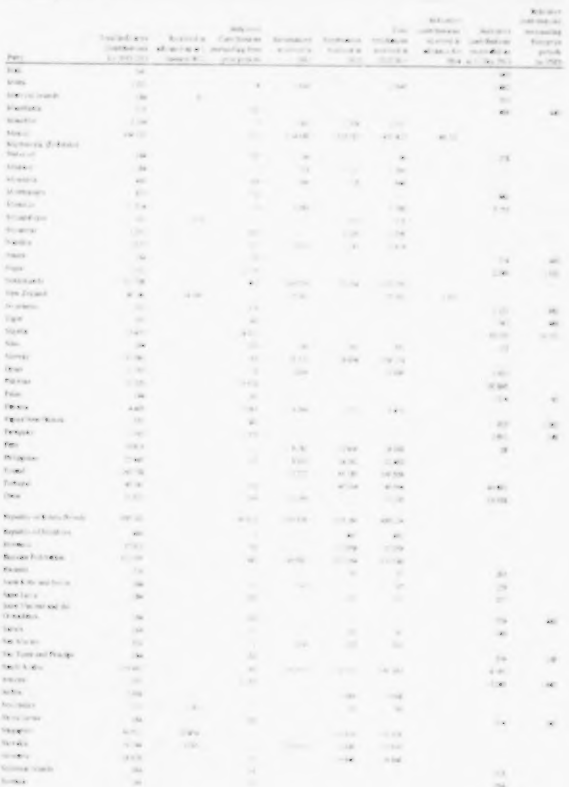
Status of indicative contributions to the Kyoto Protocol for the biennium 2012-2013 as at 31 December 2013 (in Euro unless otherwise indicated)



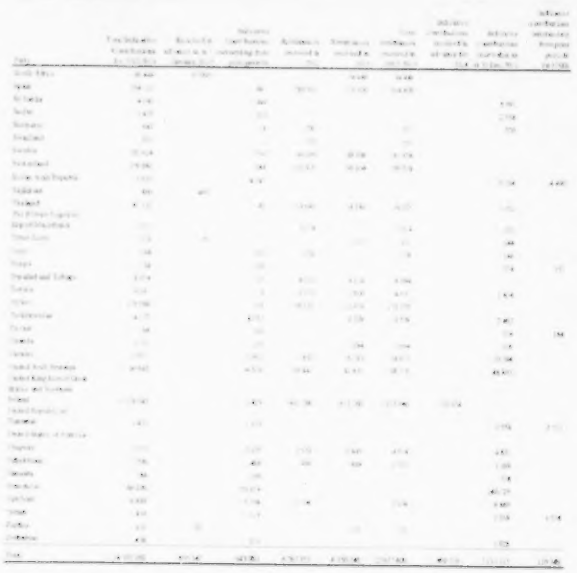
Schedule 1.2 (continued)



Schedule 1.2 (continued)



Schedule 1.2 (continued)



C. Schedule 2.1
Voluntary contributions received for the biennium 2012-2013 as at 31 December 2013 (in United States Dollars)

Funding source and related trust fund	Voluntary contributions received in 2012-2013	Voluntary contributions received in 2010-2011
(i) Trust Fund for the Core Budget of the UNFCCC (TCA)		
Germany	2 000 000	2 081 949
Austria		47 976
Total Trust Fund for the core budget of the UNFCCC	**2 000 000**	**2 081 949**
(ii) Trust Fund for Participation in the UNFCCC Process (TPA)		
Australia		1 199 401
Belgium	38 704	75 000
Canada	90 000	314 476
Denmark		1 025 000
European Commission	3 230 941	3 141 407
Finland	240 414	284 865
France	111 300	
Germany		495 400
Ireland		95 931
Japan		50 000
New Zealand		366 672
Norway	3 090 763	2 922 203
Qatar	425 000	
Sweden	874 594	867 557
Switzerland	23 769	301 518
United Kingdom	546 429	490 956
United States of America	51 468	547 465
Total Trust Fund for Participation in the UNFCCC Process	**9 702 807**	**14 418 982**
(iii) Trust Fund for Supplementary Activities (TSA)		
Australia	2 109 340	1 266 467
Austria	64 397	
Belgium	127 512	408 958
Canada	149 212	442 132
Climate Technology Initiative		25 000
Denmark		366 506
European Commission	2 214 014	2 153 665
Finland	156 262	162 016
France	95 451	
India Foundation	100 000	100 000
Global Environment Facility	96 128	153 042
Germany	1 415 945	1 166 951

Statement 2 [illegible]

Funding source and related trust fund	Voluntary contributions received in 2012-2013	Voluntary contributions received in 2010-2011
[illegible]	[illegible]	
[illegible]	100 959	137 677
[illegible]	2 381 980	1 666 897
[illegible]		33 965
[illegible]	250 000	
[illegible]	111 961	142 776
[illegible]	252 723	239 112
[illegible]	6 612 253	10 295 995
[illegible]		3 299
[illegible]	[illegible]	
[illegible]	363 991	[illegible]
[illegible]	400 000	
[illegible]	251 366	132 000
[illegible]		2 459 309
[illegible]	340 853	1 919 042
[illegible]	729 394	1 101 334
[illegible]		75 000
[illegible]	1 049 709	2 651 941
[illegible]		50 000
[illegible]	8 [illegible]	6 931 236
[illegible]	[illegible]	
Total Trust Fund for Supplementary Activities	42 479 315	42 089 564
[illegible]		
[illegible]		31 800
[illegible]	35 000	
Total Trust Fund for the Clean Development Mechanism	35 000	31 800
[illegible]		
[illegible]	14 963	
[illegible]		18 693
Total Trust Fund for the International Transaction Log	14 963	18 693
[illegible]	4 753 [illegible]	4 866 643
Total Trust Fund for the Special Annual Contribution from Germany	4 753 [illegible]	4 866 643
TOTAL VOLUNTARY CONTRIBUTIONS	59 261 033	63 480 624

[illegible]

H. Schedule 2.2
Fees and share of proceeds received for the Clean Development Mechanism (CDM) and Joint implementation (JI) for the biennium 2012-2013 ending 31 December 2013 (in United States dollars)

Type of income	Received in 2012-2013	Received in 2010-2011
CDM accreditation process related fees	[illegible]	[illegible]
CDM accreditation fees	[illegible]	[illegible]
CDM methodologies fees	[illegible]	[illegible]
CDM project registration fees	[illegible]	[illegible]
CDM share of proceeds	[illegible]	[illegible]
Total CDM fees and share of proceeds	145 873 652	194 183 267
Joint implementation domestic cases fees	[illegible]	[illegible]
Joint implementation verification fees	[illegible]	[illegible]
Joint implementation Track 1 fees	[illegible]	[illegible]
Total Joint Implementation fees	7 099 077	2 664 347

I. Schedule 2.3

Status of indicative contributions to the International Transaction Log for the biennium 2012-2013 as at 31 December 2013 (in euro)

	A	B	C	D	E	F=D+E	G=B-D	H=C-D

V. Notes to the financial statements

Note 1: The United Nations Framework Convention on Climate Change and its activities

The permanent secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) was established in January 1996 for the following purposes:

(a) To make arrangements for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention and the Kyoto Protocol and to provide them with services as required;

(b) To compile and transmit reports submitted to it;

(c) To facilitate assistance to Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Convention and the Kyoto Protocol;

(d) To prepare reports on its activities and present them to the Conference of the Parties;

(e) To ensure the necessary coordination with the secretariats of other relevant international bodies;

(f) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions;

(g) To perform other secretariat functions specified in the Convention and in any of its protocols; and

(h) To undertake any other functions as may be determined by the Conference of the Parties.

Note 2: Summary of significant accounting and financial reporting policies

The following are the main accounting policies of the UNFCCC:

(a) Rules and procedures

The financial administration of the secretariat of the United Nations Framework Convention on Climate Change is governed by the financial procedures adopted by the COP under decision 15/CP.1 in 1995. In so far as not specifically provided under those procedures, the Financial Regulations and Rules of the United Nations and the United Nations Accounting Standards, Revision/ July 2013, apply.

(b) Currency

All amounts are expressed in thousands of United States dollars (US$) unless otherwise indicated.

(c) Accounting convention

The accounts are prepared under the historical cost convention, modified to the extent that the cost of all fixed assets and property acquired is charged to the income and expenditure statement in the expense in the year of purchase.

(d) Fund accounting

The accounts are maintained on a "fund accounting" basis. Each fund is established as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate funds for general or special purposes may be established by the Conference of the Parties.

(e) Accrued and contingent liabilities

Accrued and contingent liabilities include the after service health insurance (ASHI), end-of-service repatriation costs, and accrued leave. They do not include possible costs to cover contingencies under appendix D of the United Nations staff rules.

(f) Income tax refund policy

The UNFCCC subscriptions are charged to the budget on a net basis during the year in which the amounts were received. Income tax refunds are charged to the year in which they are made to the staff member.

(e) Unliquidated obligations

Unliquidated obligations are expenditures based on firm obligations (issued POs, but not delivered, in the financial period. Unliquidated obligations for the current period in respect of all UNFCCC activities remain valid for 12 months following the end of the period to which they relate.

(h) Cash and term deposits

Funds on deposit in accounts bearing bank interests, time deposits and cash equivalents shown in the statements of assets and liabilities as cash and term deposits. All term deposits are placed in accordance with the United Nations investment policies and guidelines. All cash receipts are held and deposited by the United Nations Office at Geneva (UNOG) UNFCCC operates an imprest account to meet its petty cashier requirements at Bonn (see in footnote the daily expenditure allowances and balance participants in the secretariat of the Subsidiary Bodies).

(i) Income recognition

Definitive contributions from Parties to the Convention and the Kyoto Protocol

Income from voluntary contributions from Parties to the Convention and the Kyoto Protocol is recognized on an accrual basis based on the budget approved by the Conference of the Parties.

i. Voluntary contributions

Voluntary contributions to the UNFCCC trust funds are recognized as income when received.

ii. Interest income

Interest income is based only on non-cash accrued and accrued from cash and term deposits relating to the financial period.

iv. Miscellaneous income

Refunds of expenditures charged to prior financial periods and net gains on exchange if any are accounted for as miscellaneous income.

(j) Currency exchange

The financial statements of the UNFCCC are presented in United States dollars. As per United Nations System Accounting Standards, transactions in other currencies are converted to United States dollars by applying the United Nations operational rate of exchange at the time of the transaction. Realized exchange gains and losses are accounted for under the income and expenses are statement of the appropriate budgetary accounting within the respective trust fund.

Aside from US dollar, the euro is the other most operating currency of UNFCCC. Figure 4 below provides the United Nations operational rate of exchange of one US dollar to the euro as at the end of each year during the last three biennia.

Table 12 - Exchange rates
(One United States dollar to the Euro)

Note 3 Budget

Under the Financial procedures adopted by the Conference of the Parties (COP), the Executive Secretary presents the administrative core budget for the following biennium and submits it to the Conference of the Parties for its consideration and approval. The approved budget constitutes the authority to the Executive Secretary to incur obligations and make payments for the purposes for which the appropriations were approved and up to the amounts so approved, provided that commitments are covered by sufficient income or other resources authorized by the Conference of the Parties. For the biennium 2012-2013, the COP approved a core budget of [illegible] million (after the budget cut in 2012). The amounts in the contribution and pledge scale to the working capital reserve. Parties make contributions to the core budget on an unilateral United Nations scale of assessment. In addition, Parties are invited to make voluntary contributions to the trust fund for participation and [illegible]

Note 4 Income

Income from indicative contributions to the Convention and to the Kyoto Protocol is income from Parties to the support of the core budget in line with the approved core budget under decision by the COP. The contributions from Parties are in accordance with an indicative scale based on the United Nations scale of assessment and are used for the core activities of the secretariat.

Income from voluntary contributions comprises funding provided to Parties to support mandated activities which are not covered by the core budget.

Income from the Clean Development Mechanism and Joint Implementation is also for project income to finance CDM activities consisting of:

(1) ***accreditation and related fees*** from companies bodies to become designated operational entities to validate CDM project activities. The fee is calculated on the basis of the estimated average unit per application number from non-Annex I Parties may have the possibility of paying 10% of the fees mentioned in the fee when they apply for accreditation, provided that they were their authority to pay the full fee in instalments. The remaining 90% of the fee should be paid in a two stage basis and if the application ends in unsuccessful and unsuccessful and many operations. The non-refundable application fee is USD 15,000 per application. In addition fees are required to cover the costs for the work provided by CDM accreditation team (there fee of USD 400).

(2) ***registration*** fees charged for the formal acceptance by the CDM Executive Board of a validated project as CDM project activity. It is based on the expected average annual certified emission reductions for the proposed project activity over the crediting period. No registration fee shall be payable for activities and programmes of activities located in least developed countries. No registration fee shall be payable until after the date of the first issuance of CERs in connection with fewer than 10 registered CDM project activities. The registration fee is (USD 0.10 per CER issued for the first 15,000 tonnes of CO2 of the equivalent (tonne CERs, (USD 0.20 per CER issued for any amounts in excess of 15,000 tonnes of CO2 equivalent of the expected annual CERs). The maximum registration fee is USD 350,000.

(3) ***share of proceeds*** in cases where income expenses is at USD 0.10 per CER issued for the first 15,000 tonnes of CO2 equivalent for which received is required on a given year, for USD 0.20 per CER issued for any amount

[illegible]

Note 5 Expenditure

[illegible]

Note 6 Workstuffs

[illegible]

Note 7 Refunds to donors

[illegible]

Note 8 Cash and term deposits

[illegible]

Table 13 - Cash and term deposits

[illegible]

	Funds in EURO	Equivalent in USD as at 31/12/2013	Funds in USD	31/12/12 31 December 2013	31/12/12 31 December 2012
UNDP-Government Fund	[illegible]	[illegible]	[illegible]	176,449	[illegible]
Imprest Cash account	62	86		86	100
Adaptive Fund- Cash (FULL)			361	361	447
Total cash & cash-like accounts				276,792	149,961

Note 9. Accounts receivable

Outstanding Contributions. Tables 14 and 15 below provide a summary of the total outstanding contributions and past-due receivables, and reconciliations to schedules 1.1 and 1.2. The detailed aging analysis of the outstanding balances is available from online data systems such as the Compliance and the Kyoto Protocol tracking systems.

Table 14 - Aging analysis of outstanding contributions receivable

(Thousands of United States dollars)

Outstanding contributions	Before 2008	2008	2009	2010	2011	2012	Total as at 31 December 2013
Government	[illegible]	83	76	169	161	410	2,964
Kyoto Protocol	[illegible]	[illegible]	49	182	286	1,277	3,053
Total	183	86	124	351	447	1,687	6,017
Outstanding contributions as percentage of Aging per year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Table 15 - Reconciliation of contributions receivable to schedules 1.1 and 1.2

(Thousands of United States dollars)

	Outstanding contributions for 2010-2013 EUR	Equivalent as at 31/12/2013 in USD	Outstanding contributions for 2009 and prior years USD	SUM for all years outstanding USD
Schedule 1.1 (Government)	[illegible]	[illegible]	[illegible]	2,964
Schedule 1.2 (Kyoto Protocol)	[illegible]	[illegible]	[illegible]	3,053
Total (USD)				6,017

Other accounts receivable. Table 16 below provides details of other accounts receivable shown in Statement II. There are amounts due from many sources in the aggregate.

Table 16 - Other accounts receivable

(Thousands of United States dollars)

	31 December 2013
UNDP Country Office Implementation cost with UNDP (NGPO)*	5,276
United Nations Volunteers	2,023
Education Grant Advances	1,130
Vendor Advances (UNDP, UN Related)	1,007
Other Government Advances	432
Value Added tax claims Receivable	346
Travel Advances	263
Consultants - Honorarium	213
United Nations Office at Nairobi	63
Other receivables	730
TOTAL	11,576

*The UNDP Country Offices implement projects under the Country Programme Action Plan (CPAP) and Annual Work Plans (AWP) agreed between the Government of Kenya and UNDP. The CPAP is in line with the United Nations Development Assistance Framework (UNDAF) and the Government's Medium Term Plan (MTP). The UNDP Country Offices in Kenya are: the United Nations Environment Programme (UNEP), Kenya Country Office; the United Nations Office for Project Services (UNOPS); and the UNDP Country Office. The UNDP Country Office implements projects in partnership with UNEP, UNOPS and other development partners.

Note 16 **Other accounts payable**

Table 17 below provides details of other accounts payable shown in Statement II. There are amounts that were owed to the government.

Table 17 – Other accounts payable

(Thousands of United States dollars)

	31 December 2013	31 December 2011
Unpaid Salaries	1,814	946
Provision for Leave Payable	88	110
Retirement Separation	679	363
Others	46	46
Total	2,826	1,465

Note 17 **Operating and working capital reserve**

The purpose of the operating and working capital reserve is to ensure both cash in the event of a temporary shortfall of cash. The working capital reserve adequately for the core budget is annually calculated on the approved budget level at the beginning of the year and at the end of the completed expenditure for 2012, representing one month operations.

The operating reserves for the other trust funds and the special account for programme support costs are established on the following basis:

Table 18 – Basis of establishment of operating reserves

Trust Funds	Basis
Supplementary Activities	13% of total annual expenditure
International Transaction Log	4.5% of total estimated expenditure
Cloud Development Hardware	Fixed at USD 47 million
Participation Fee (UNECE Projects)	10% of total annual expenditure
Special annual contribution from the Government of Germany	Fixed at USD 300 000
Share of account for programme support costs	20% of the estimated annual expenditure

Note 12: **Programme support**

The secretariat retains 13 per cent of the actual expenditure of 42 established CMS/CITES Trust Funds with the exception of special accounts established for short-term activities, such as conferences, which are charged 5 per cent.

Note 13: **Non-expendable assets inventory**

Non-expendable assets are not depreciated. They are treated as expenditure in the period in which they are purchased and charged in full to income and expenditure. However, an inventory system of all assets is maintained by the secretariat. In line with the United Nations administrative procedures, non-expendable assets are tracked on the basis of the original cost excluding VAT and maintenance charges. Table 19 below provides an overview of the non-expendable assets.

Table 19 - Inventory of non-expendable assets

(Net or (gain) cost or market value in United States dollars excluding VAT)

[illegible]						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**
[illegible]						
[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**
[illegible]	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**

[illegible]

[illegible]

[illegible]

Equipment totalling US$ 34,644 purchased between 1994 and 1996 and transferred from Geneva or donated by the Government of Germany, when the secretariat moved to Bonn have been written off during the biennium. In addition a substantial disposal exercise for IT equipment was also conducted during 2013.

Note 14 End-of-service and post-retirement benefits

The End-of-service and post-retirement benefits comprise after service health insurance (ASHI) coverage, repatriation benefits and commutation of unused vacation days. Effective with the termination on 31December 2009, all these liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm engaged by United Nations Headquarters (UNHQ). The parameters used by the consulting actuarial firm are determined by UNHQ and applied to the census data provided by the UNFCCC secretariat.

Financial rates: The following assumptions have been used:

- For liabilities where cash flows are denominated in USD: the Citigroup Pension Discount Curve. This assumption is in line with assumptions used to calculate the UNJSPF scheme liability.
- For liabilities where cash flows are denominated in Euros: The Euro area government yield curve, as published by the European Central Bank.
- For liabilities where cash flows are denominated in Swiss Francs: The Federation bonds yield curve, as published by the Swiss National Bank.
- For other liabilities: the Citigroup Pension Discount Curve.

(b) After-service health insurance (ASHI)

The after-service health insurance (ASHI) is a defined benefit health insurance plan of the United Nations. Upon end of service, staff members and their dependants may elect to participate in this plan provided they have met certain eligibility requirements, including ten years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and five years for those who were recruited prior to this date. An individual's earnings benefit for valuation purposes is the projected benefit at full eligibility date, or current date if later, multiplied by the ratio of service at the valuation date over service at full eligibility date. The beginning of the attribution period is the date of hire under a contract recognized for ASHI benefits, which is the beginning of the credited service period. The end of the attribution period is the full eligibility date. For staff recruited on or after 1 July 2007, the end of the attribution period is the later of age 55 and 10 years of credited service, and for staff recruited before 1 July 2007, the end of the attribution period is the later of age 55 and 5 years of credited service.

The main assumptions used by the actuary to determine the liabilities for ASHI as at 31 December 2013 were: health care cost trend rates of an initial rate of 7.0% and an ultimate rate of 4.5% (grade down period of 10 years) for United States non-Medicare medical plans, an initial rate of 6.5% and an ultimate rate of 4.5% (grade down period of 10 years) for United States Medicare medical plans and a 5.0 per cent flat rate for plans outside of the United States. Retirement, withdrawal and mortality assumptions used are consistent with those used by the United Nations Joint Staff Pension Fund (UNJSPF) in making its own actuarial valuation of pension benefits. For comparison, the assumptions used to determine the liabilities for ASHI as at 31 December 2011 were a financial rate of 4.5 per cent, benefit cost escalation rates of 8.0 per cent in 2012, grading down to 4.5 per cent in 2017 and after years for United States medical plans, and 8.0 per cent in 2012 grading down to 4.5 per cent in 2021 and later years for medical plans outside of the United States.

An implicit factor in the ASHI valuation is to consider contributions by all plan participants in determining the Organization's residual liability. Thus, contributions from retirees are deducted from the gross liability and commencing with the 31 December 2009 valuation, a portion of the contributions from active staff is also deducted to arrive at the Organization's residual liability in accordance with cost sharing ratios authorized by the General Assembly. These ratios require that the Organization's share shall not exceed one-half for non-US health plans, two-thirds for US health plans, and three-quarters for the Medical Insurance Plan. This refinement in determination of plan participant contributions, in reference to the fact that both active and retired staff

participate in the same health insurance plans and that their collective contributions serve to share the appropriate cost sharing ratios.

(c) On the basis outlined in (a) and (b) above, the present value of the accrued liability as at 31 December 2013, net of contributions from other participants, was estimated at USD [illegible] million.

(d) Further to the assumptions in (b)(i) above, it is estimated that the present value of the ASHI liability would increase by [illegible] per cent and decrease by [illegible] per cent if medical cost trend is increased and decreased by 1 per cent respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by [illegible] per cent and decrease by [illegible] per cent if the discount rate is increased and decreased by 1 per cent respectively, all other assumptions held constant.

(ii) Repatriation benefits

(a) Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of repatriation, are entitled to a repatriation grant which is based upon length of service and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

(b) A consulting actuary was engaged by the United Nations Headquarters to carry out an actuarial valuation of repatriation benefits as at 31 December 2013 based on criteria established by the UNSIC. The major assumptions used by the actuary on mortality rates, withdrawal rates and retirement age are still as salary increase rate were consistent with those for the UNFSPP scheme. Travel cost increases were assumed at [illegible] per cent per annum. On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as of 31 December 2013 was estimated at USD [illegible] million.

(iii) Accumulated unused annual leave

(a) Staff members who separate from the organization may sometimes unused annual leave days up to a maximum of [illegible] working days for those holding a fixed-term or continuing appointments. A consulting actuary was engaged by United Nations Headquarters to carry out an actuarial valuation of unused vacation days as of 31 December 2013 based on criteria determined by UNSIC. The major assumptions used by the actuary as provided by UNSIC were an annual rate of increase in accumulated annual leave balances of [illegible] in the first three years, [illegible] in years four to eight and [illegible] per cent thereafter, capping to an accumulation of 60 days.

(b) On the basis of these assumptions, the present value of the accrued liability for unused annual leave days as of 31 December 2013 was estimated at USD [illegible] million.

(c) A hypothetical apportionment of the end of service and post-retirement liabilities and change in individual Trust Fund (ad hoc) as at 31 December 2013 is as indicated in Table 7.

Table 20 – After Service Health Insurance liabilities
(Thousands of United States dollars)

During the biennium 2012-2013, UNFCCC received services in office services, health insurance amounting to about USD 60k. Estimated from both the Trust Fund for the Core Budget as well as from the Special Account for UNFCCC programme support costs.

Note 15: Participation in the United Nations Joint Staff Pension Fund

The UNFCCC is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF) which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The UNJSPF is a funded, multi-employer defined benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contributions at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency provisions under Article 26 of the Regulations of the UNJSPF. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provisions of Article 26 following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the UNJSPF as of the valuation date. At the time of this report, the United Nations General Assembly had not invoked this provision.

Note 16: Donations in-kind

Under an agreement signed in 1996, the Federal Republic of Germany provides office space to the secretariat free of cost and on a permanent basis. As at 31 December 2013, the office premises located at Haus Carstanjen (Martin Luther King Strasse 8, 53175 Bonn) (Carstanjen) at Langer Eugen and the Alex Arpogebäude (Hermann-Ehlers-Strasse 12N, Carstanjen, Platz der Vereinten Nationen 2, 53113 Bonn) comprised of approximately 15,990 square metres of office space, meeting rooms and storage space.

Note 17: Supporting the Green Climate Fund operations

The Green Climate Fund (GCF) is an independent entity established by the Conference of the Parties (COP, Decision 11/CP.16). It is governed and report into by an independent board which has full responsibility for its funding decisions. In order to assist in the establishment of the GCF Secretariat, UNFCCC entered into an agreement with the International Bank for Reconstruction and Development (IBRD)as, in capacity as interim trustee of the GCF, to provide administrative and financial support services until the GCF Secretariat was established in its permanent headquarters. UNFCCC's financial statements for the 2012-13 biennium include the following revenue and expense related to support the GCF provided by the World Bank (IBRD):

Revenues	USD 6,260,000
Related Expenses	USD 5,062,974
Project Balance as at 31 December 2013	USD 1,197,026

Note 18 **Special Account for conferences and other recoverable costs**

Table 4 below provides a breakdown of the income and expenditure under the Special Account for Conference and other Recoverable Costs for each of the Conference of the Parties (COP) that was still open at the end of the biennium. This information is in addition to the financial notes (Footnotes 1 to 20) for the [illegible] biennium as at 31 December 2013.

Table 21 - Analysis of the special account for conferences and other recoverable costs

(Thousands of United States dollars)

Nineteenth session of Conference of the Parties - Warsaw, Poland (COP19)	
Funding received from the Government of Poland	4 914
Expenditure	
[illegible]	[illegible]
Staff and other personnel costs	[illegible]
Operating Expenses	[illegible]
Fellowships, grants, other	[illegible]
Administrative fee	[illegible]
Total Expenditure	5 [illegible]
Balance as at 31 December 2013	414
Eighteenth session of Conference of the Parties - Doha, Qatar (COP18)	
Funding received from the State of Qatar	5 642
Expenditure	
[illegible]	[illegible]
Staff and other personnel costs	[illegible]
Operating expenses	[illegible]
Equipment	[illegible]
Administrative fee	[illegible]
Total expenditure	5 187
Balance towards committed expenditure as at 31 December 2013	455
Seventeenth session of Conference of the Parties - Durban, South Africa (COP17)	
Balance brought forward as at 1 January 2012	[illegible]
Prior period earnings	[illegible]
Total funds available	[illegible]
Expenditure	
[illegible]	[illegible]
Staff and other personnel costs	[illegible]
Operating expenses	[illegible]
Administrative fee	[illegible]
Total expenditure	405
Balance as at 31 December 2013	[illegible]

[illegible]
[illegible]
Expenditure
[illegible]
[illegible]
[illegible]
Total expenditure
[illegible]

[illegible]
[illegible]
[illegible]
Total funds made available in 2012-2013
Expenditure
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
Total Expenditure